

OLYMPIA, WASHINGTON

January 25, 2005

The State Finance Committee met in a special meeting after notice duly given to the press and radio of Thurston County.

Present: Michael J. Murphy, State Treasurer
Christine Gregoire, Governor
Brad Owen, Lieutenant Governor

Also Present: Allan J. Martin, Office of the State Treasurer
Tom Morrill, Office of the Attorney General
Darlene DeRose, Montague DeRose & Associates
Nancy Adams, Office of the State Treasurer
Dean Torkelson, Seattle-Northwest Securities
Svein Braseth, Office of the State Treasurer
Bill Tonkin, Foster Pepper & Shefelman
Paula Hammond, Department of Transportation
Judy Giniger, Department of Transportation
Amy Arnis, Department of Transportation
Jeff Caldwell, Department of Transportation
Susan Penley, Office of the State Treasurer
Judi Morris, Jefferson County Treasurer
Susan Melvin, Office of the State Treasurer
Shad Pruitt, Office of the State Treasurer
Kristi Wolgamot, Office of the State Treasurer
Nancy Notter, Office of the State Treasurer
Noah Crocker, Office of the State Treasurer
Rob Shelley, Seattle-Northwest Securities
Mike Roberts, Office of Financial Management
Vicki Cox, Office of the State Treasurer

Chairman Murphy called the meeting to order.

Lt. Governor Owen moved the minutes for the July 13, 2004 meeting be approved. Governor Gregoire seconded the motion. The motion passed and the minutes were adopted.

Mr. Martin said proposed Resolution No. 1007 provides for the issuance and sale of up to \$319,770,000 State of Washington Various Purpose General Obligation Bonds, Series 2005D, authorized by Chapter 14, Laws of 1989, 1st Ex. Sess.; Chapter 15, Laws of 1990, 1st Ex. Sess.; Chapter 3, Laws of 2003, 1st Sp. Sess.; Chapter 18, Laws of 2003, 1st Sp. Sess.; and Chapter 39.42 RCW for the purpose of providing funds to pay and reimburse the state for various state capital project expenditures, state buildings and facilities for institutions of higher education expenditures, and multimodal transportation project expenditures; fixing the date, form, terms, maturities, redemption provisions and covenants of the bonds; providing for certain other provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of said bonds.

Mr. Martin said he would like to mention to the Committee that the Multimodal Transportation account funds various rail road projects. Back in 2004, the Committee issued bond Series 2004D, at which time the Department of Transportation requested the Committee issue bonds to pay and reimburse multiple capital expenditures for: (1) the acquisition and construction of certain improvements to the existing north-south rail line between Vancouver and Blaine, Washington; (2) to purchase from Renfe Talgo of America a trainset; and (3) to make a grant to the city of Tacoma to upgrade and repair the Tacoma Rail Mountain Division's Morton Line. Because proceeds of the bonds that were intended to be used to pay and reimburse capital expenditures for the Rail Line Improvements were not expended on those Rail Line Improvements as quickly as the Department had expected, \$5,550,000 of the proceeds of the bonds were instead used to purchase the Palouse River and Coulee City Railroad.

Mr. Martin said working with the Committee's Bond Counsel, Assistant Attorney Generals and State Treasurer staff, the Department of Transportation has revised the use of tax-exempt bond proceeds of the 2004D bonds; and stated that a portion of the proceeds of Series 2005D Bonds will be used to fund improvements to the existing north-south rail line between Vancouver and Blaine. Thus the Department of Transportation has re-stated to the State Finance Committee the use of funds from a portion of money borrowed for the north-south rail line between Vancouver and Blaine to have actually been used to pay for the Palouse River and Coulee City Railroad. Department of Transportation staff are here to answer any of the Committee's questions regarding the re-allocation of bond proceeds between the two Bond Series.

Chairman Murphy said the Treasurer's staff works with agencies and has them provide us with a list of the intended use of the bond proceeds. OST then makes it a part of the tax certification to issue the bonds as tax exempt status. He asked bond counsel if there was a problem with the sale of these bonds. Mr. Tonkin said there was no problem. Ms. Arnis thanked the staff for their assistance in the bond sale. Department of Transportation staff met with bond counsel to ensure legal certification of the bonds.

Chairman Murphy explained to Governor Gregoire the bidding process for a bond sale and invited her to attend the March 1st, 7:30 am or 8:30 am bond sales. Chairman Murphy said the bids will be verified and accepted at the Committee meeting at 9:30 am.

Mr. Martin presented proposed Resolution 1007 to the committee.

Resolution 1007 authorizes the issuance and sale of not to exceed \$319,770,000 State of Washington Various Purpose General Obligation Bonds, Series 2005D, authorized by Chapter 14, Laws of 1989, 1st Ex. Sess; Chapter 15, Laws of 1990, 1st Ex. Sess.; Chapter 3, Laws of 2003, 1st Sp. Sess.; Chapter 18, Laws of 2003, 1st Sp. Sess.; Chapter 147, Laws of 2003; and Chapter 39.42 RCW.

Lt. Governor Owen moved to adopt Resolution 1007. Governor Gregoire seconded the motion and the resolution was adopted.

Mr. Martin said proposed Resolution No. 1008 provides for the issuance of Motor Vehicle Fuel Tax General Obligation Bonds, Series 2005E, of the state, in the principal amount of not to exceed \$85,000,000, authorized by Ch. 147, Laws of 2003 (RCW 47.10.861); and Ch. 39.42 RCW; and Motor Vehicle Fuel Tax General Obligation Bonds, Series 2005F, of the state, in the principal amount of \$45,000,000, more or less, authorized by Ch. 321, Laws of 1998

(Referendum 49), (RCW 47.10.843) and Ch. 39.42 RCW; for the purpose of providing funds to pay and reimburse state expenditures for construction of selected transportation 2003 projects or improvements and improvement of state and local highways; fixing the date, form, terms, maturities, redemption provisions and covenants of the bonds; providing for certain other provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of said bonds. Mr. Martin said the Series 2005F bonds were to fund the Tacoma Narrows Bridge Project. With Series 2005F, funding for the Tacoma Narrows Bridge Project will be 75% completed, with another \$180 million in bonds left to issue.

Mr. Martin presented proposed Resolution 1008 to the committee.

Resolution 1008 authorizes the issuance and sale of not to exceed \$85,000,000 of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2005E, authorized by Chapter 147, Laws of 2003 (RCW 47.10.861), and Chapter 39.42 RCW; and \$45,000,000, more or less, of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2005F, authorized by Chapter 321, Laws of 1998 (Referendum 49) (RCW 47.10.843), and Chapter 39.42 RCW.

Lt. Governor Owen moved to adopt Resolution 1008. Governor Gregoire seconded the motion and the resolution was adopted.

There being nothing further to come before the committee, the State Finance Committee meeting was adjourned at 9:46 a.m. and the Public Deposit Protection Commission meeting was called to order.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

Michael J. Murphy, State Treasurer & Chairman

Christine O. Gregoire, Governor & Member

Brad Owen, Lieutenant Governor & Member

Allan J. Martin
Deputy State Treasurer & Secretary